

MULTI • CHECK

we know what's inside

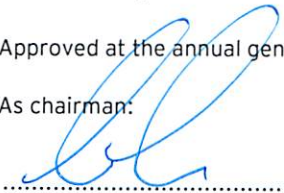
Egeskovvej 3, 8700 Horsens, DK-8700 Horsens

CVR-nr. 25 65 60 67

Annual report
for the year ended 31 December 2015

Approved at the annual general meeting of shareholders on

As chairman:


.....
Lars Kramer Antitsch

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Multicheck A/S for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Horsens, 2 March 2016

Executive Board:



Lars Kramer Antitsch

Board of Directors:



Theo Düppre
Chairman



Lars Kramer Antitsch



Jens Uwe Alder

Independent auditors' report

To the shareholders of Multicheck A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Multicheck A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Horsens, 2 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Frank Therkildsen
State Authorised Public Accountant

Management's review

Company details

Name	Multicheck A/S
Address, Postal code, City	Egeskovvej 3, 8700 Horsens
CVR No.	25 65 60 67
Established	5 October 2000
Registered office	Horsens
Financial year	1 January - 31 December
Website	www.multicheck.dk
Telephone	+45 75 60 22 22
Board of Directors	Theo Düppre, Chairman Lars Kramer Antitsch Jens Uwe Alder
Executive Board	Lars Kramer Antitsch
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Holmboes Allé 12, 8700 Horsens, Denmark

Management's review

Operating review

The Company's business review

As in previous years, the principal activities of the Company comprised the sale and servicing of machines for quality control, including X-rays, metal detectors, weights/check weighers and vision systems. The Company operates in domestic as well as foreign markets, however, primarily focussing on Denmark and Sweden.

Financial review

The income statement for 2015 shows a profit of DKK 2,841,737 against a profit of DKK 2,737,424 last year, and the balance sheet at 31 December 2015 shows equity of DKK 17,269,360. Management considers the Company's financial performance in the year satisfactory.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Outlook

Activities in the 2016 financial year are expected to be in line with 2015.

Financial statements for the period 1 January - 31 December

Income statement

Notes	DKK	2015	2014
	Gross profit	12,710,687	11,620,095
2	Staff costs	-7,779,242	-7,234,983
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-841,275	-763,256
	Operating profit	4,090,170	3,621,856
	Income from investments in group entities	-108,003	75,759
	Financial income	856	2,675
	Financial expenses	-126,131	-102,104
	Profit before tax	3,856,892	3,598,186
3	Tax for the year	-1,015,155	-860,762
	Profit for the year	2,841,737	2,737,424
	Proposed profit appropriation		
	Net revaluation reserve according to the equity method	-40,658	71,838
	Retained earnings	2,882,395	2,665,586
		2,841,737	2,737,424

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK	<u>2015</u>	<u>2014</u>
ASSETS			
Non-current assets			
4	Intangible assets		
	Goodwill	0	0
		<u>0</u>	<u>0</u>
5	Property, plant and equipment		
	Land and buildings	9,847,244	10,210,293
	Other fixtures and fittings, tools and equipment	1,675,525	1,626,233
		<u>11,522,769</u>	<u>11,836,526</u>
6	Investments		
	Investments in group entities	1,133,433	1,200,778
		<u>1,133,433</u>	<u>1,200,778</u>
	Total non-current assets	<u>12,656,202</u>	<u>13,037,304</u>
Current assets			
Inventories			
	Finished goods and goods for resale	3,792,224	3,778,614
	Prepayments for goods	265,322	209,838
		<u>4,057,546</u>	<u>3,988,452</u>
Receivables			
	Trade receivables	6,463,070	5,839,851
	Other receivables	38,372	77,405
	Deferred income	15,728	42,612
		<u>6,517,170</u>	<u>5,959,868</u>
	Cash	<u>4,284,908</u>	<u>4,110,695</u>
	Total current assets	<u>14,859,624</u>	<u>14,059,015</u>
	TOTAL ASSETS	<u>27,515,826</u>	<u>27,096,319</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK	<u>2015</u>	<u>2014</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	834,000	834,000
	Share premium account	6,166,000	6,166,000
	Net revaluation reserve according to the equity method	0	0
	Retained earnings	<u>10,269,360</u>	<u>7,386,965</u>
	Total equity	<u>17,269,360</u>	<u>14,386,965</u>
	Provisions		
	Deferred tax	<u>211,183</u>	<u>94,888</u>
	Total provisions	<u>211,183</u>	<u>94,888</u>
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Mortgage debt	5,333,583	5,647,610
	Lease liabilities	0	45,000
		<u>5,333,583</u>	<u>5,692,610</u>
	Current liabilities other than provisions		
7	Current portion of long-term liabilities	313,455	352,970
	Prepayments received from customers	164,970	547,480
	Trade payables	1,300,343	1,961,345
	Payables to group entities	0	544,071
	Income taxes payable	198,860	863,405
	Other payables	<u>2,724,072</u>	<u>2,652,585</u>
		<u>4,701,700</u>	<u>6,921,856</u>
	Total liabilities other than provisions	<u>10,035,283</u>	<u>12,614,466</u>
	TOTAL EQUITY AND LIABILITIES	<u>27,515,826</u>	<u>27,096,319</u>

- 1 Accounting policies
- 8 Collateral
- 9 Contractual obligations and contingencies, etc.
- 10 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2014	834,000	6,166,000	0	4,721,379	11,721,379
Profit/loss for the year	0	0	71,838	2,665,586	2,737,424
Exchange adjustment	0	0	-71,838	0	-71,838
Equity at 1 January 2015	834,000	6,166,000	0	7,386,965	14,386,965
Profit/loss for the year	0	0	-40,658	2,882,395	2,841,737
Exchange adjustment	0	0	40,658	0	40,658
Equity at 31 December 2015	834,000	6,166,000	0	10,269,360	17,269,360

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies

The annual report of Multicheck A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the Company are consistent with those of last year.

Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at cost, corresponding to the lower of fair value and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are depreciated the same way as other similar non-current assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other operating income

Other operating income comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected useful life, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the industry and the dependence on key staff.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Goodwill	5 years
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Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Investments in group entities

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Acquisitions of new subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of non-current assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct labour and direct production overheads. Indirect production overheads and borrowing costs are not included in the cost.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including a guaranteed residual value, if any, based on the interest rate implicit in the lease.

Financial statements for the period 1 January - 31 December

Notes

DKK	<u>2015</u>	<u>2014</u>
2 Staff costs		
Wages/salaries	7,112,977	6,635,414
Pensions	422,200	382,793
Other social security costs	89,591	83,518
Other staff costs	129,437	110,329
Health insurance	25,037	22,929
	<u>7,779,242</u>	<u>7,234,983</u>
3 Tax for the year		
Estimated tax charge for the year	898,860	863,405
Deferred tax adjustments in the year	116,295	-2,643
	<u>1,015,155</u>	<u>860,762</u>
4 Intangible assets		
kr.		<u>Goodwill</u>
Cost at 1 January 2015		266,860
Additions in the year		0
Disposals in the year		0
Cost at 31 December 2015		<u>266,860</u>
Impairment losses and amortisation at 1 January 2015		266,860
Amortisation in the year		0
Impairment losses and amortisation at		<u>266,860</u>
Carrying amount at 31 December 2015		<u>0</u>

Financial statements for the period 1 January - 31 December

Notes

5 Property, plant and equipment

kr.	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	10,573,341	3,103,530	13,676,871
Additions in the year	0	602,222	602,222
Disposals in the year	0	-887,684	-887,684
Cost at 31 December 2015	10,573,341	2,818,068	13,391,409
Impairment losses and depreciation at 1 January 2015	363,048	1,477,296	1,840,344
Depreciation in the year	363,049	478,227	841,276
Reversal of depreciation and impairment of disposals	0	-812,980	-812,980
Impairment losses and depreciation at 31 December 2015	726,097	1,142,543	1,868,640
Carrying amount at 31 December 2015	9,847,244	1,675,525	11,522,769

6 Investments

kr.	Investments in group entities
Cost at 1 January 2015	3,725,557
Additions in the year	0
Disposals in the year	0
Cost at 31 December 2015	3,725,557
Value adjustments at 1 January 2015	-2,524,780
Exchange adjustment	40,658
Share of the profit/loss for the year	-108,002
Value adjustments at 31 December 2015	-2,592,124
Carrying amount at 31 December 2015	1,133,433

Interest

Subsidiaries	
Multicheck AB	100.00 %

7 Non-current liabilities

Of non-current liabilities, DKK 4,067 thousand falls due for payment after more than five years after the balance sheet date.

Financial statements for the period 1 January - 31 December

Notes

8 Collateral

The Company has provided a company charge at a nominal amount of DKK 2,000 thousand as collateral for amounts owed to a bank. The company charge comprises the below assets with the following carrying amounts at the balance sheet date:

Inventories,	DKK 4,058 thousand
Trade receivables,	DKK 6,463 thousand

The Company has provided collateral for mortgage debt secured on properties.

The Company has pledged its deposit of securities at a value of DKK 0 as collateral for amounts owed to credit institution.

9 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company has provided a guarantee for the subsidiary's bank loan.

Other contingent liabilities

The Company is jointly taxed with its parent, Macchiato A/S, which acts as management company, and together with other jointly taxed companies, the Company has joint and several liability for the payment of income taxes for the income year 2013 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Lease liabilities comprise obligations regarding operating car lease in the amount of DKK 131 thousand. The remaining contract term is 44 months.

10 Related parties

Multicheck A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Parent		Participating interest

Related party transactions not carried through on normal market terms

The Company has not been engaged in any related party transactions not carried through on normal market terms.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Macchiato ApS	Egeskovvej 3, 8700 Horsens
OCS Wipotec GmbH	Kaiserslautern, Tyskland/Germany